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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

1850 M Street, N.W., Suite 1100
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August 10, 1998

Magalie Salas, Esq.
Secretary
Federal Communications Commission
1919 M Street N.W. Room 222
Washington, D.C. 20554

**Re: Ex Parte Communication -- Telecommunications Carriers'
Use of Customer Proprietary Network Information CC
Docket No. 96-115)**

Dear Ms. Salas:

Several associations, representing a broad cross-section of the telecommunications industry, have filed a letter requesting that the Commission stay, pending reconsideration, the requirement that carriers implement the electronic safeguards adopted in the *Second Report and Order* in the above-referenced proceeding. Letter dated July 20, 1998 to the Honorable William E. Kennard, Chairman, FCC et al. from Jay Kitchen, President, Personal Communications Industry Association, et al. These safeguards require (1) that carriers "develop and implement software systems that 'flag' customer service records" to "indicate whether the customer has approved the marketing use of his or her CPNI," *Second Report* at ¶198, and, (2) that carriers establish an "electronic audit mechanism that tracks access to customer accounts." *Id.* at ¶199.

Sprint strongly supports this request. A stay is necessary because, otherwise, carriers will have to develop these mechanisms and modify their systems by January 1999. Sprint has explained to the Commission that because of the considerable challenges and strain on its current resources caused by the Y2K problem, it will unlikely be able to develop and implement the "flagging" requirement by the deadline. Sprint Petition for Reconsideration at 2-3. Sprint has further explained that

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because an electronic audit mechanism is unnecessary and, based on a cost/benefit analysis, unjustified, the Commission must, if it is to engage in rational decision-making, eliminate the requirement for such mechanism. *Id.* at 3-6. Thus, any resources devoted to developing this audit system would be economically wasteful. See Letter at 3.

Upon learning of the pending stay request, the undersigned counsel for Sprint contacted Brent Olson of the Common Carrier Bureau's Policy and Program Planning Division to express Sprint's support. Mr. Olson stated that in order to fully weigh the merits of the request, the Bureau would need more detailed information than was currently in the record especially on the costs of the developing and implementing an electronic audit mechanism. Sprint's counsel pointed out that Sprint had already provided this information in its Reconsideration Petition (at 4).¹ Although Mr. Olson was aware that Sprint had provided such information, he asked that Sprint provide a more detailed explanation as to how Sprint arrived at its numbers. Sprint provides the information below.

Initially, Sprint has reassessed the level of effort that would be necessary to develop and implement both the flagging and audit mechanisms required by the Commission's CPNI rules. Sprint now estimates that it will take about 312,801 person hours and a total cost of \$23.5 million to make the necessary modifications to the systems of its long distance and local telephone subsidiaries so as to meet the Commission's requirements for mechanized safeguards.² Moreover, Sprint estimates that it will need to expend at a minimum an additional

¹Sprint explained that its local telephone and long distance subsidiaries would have to devote nearly 265,000 person-hours -- which translates into about 127 employees working full time for one year -- at a cost of nearly \$19.6 million to make the necessary modifications to the approximately 34 system applications that either process or store customer specific data. Although Sprint stated that these the person-hour and expense figures were associated with the implementation of the audit mechanism only, in fact, about 25 percent of the person-hours and expenses reported by Sprint here involve implementation of the Commission's flagging requirements.

²The person-hours and costs associated with ongoing maintenance of these mechanized systems are not included in these figures. Also, the person-hours and costs associated with developing the mechanized systems within Sprint's PCS subsidiary are not included in Sprint's analysis here.

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\$8 million in capital costs to purchase computer capacity sufficient to store for one year the millions of records showing all contacts with customer accounts as required \$64.2009(c) of the Commission's CPNI rules.

Sprint's estimates of person-hours and costs were developed as follows. For the flagging requirement, Sprint's systems personnel first identified all order entry, order processing and service platforms within both Sprint's long distance and local telephone subsidiaries. They then determined the types of modifications as well as the number of hours it would take to make these modifications to such systems in order to show "within the first few lines of the first screen of the customer's service record the CPNI approval status and reference the customer's existing service subscription." 47 C.F.R. \$64.2009(a). Again, the person-hours expended and costs incurred in the development of the CPNI approval flag represents about 25 percent of such totals set forth above.

Sprint's systems personnel performed a similar analysis to derive the person-hours and costs (about 75 percent of the totals shown above) associated with the development of the electronic audit mechanism require by \$64.2009(c). First, such personnel identified all database systems which store CPNI information and all programs which enable Sprint employees to access such databases on an individual customer basis. They then determined the time and cost of modifying each of these programs in order (1) to identify the individual accessing a database where CPNI is resident; (2) to create a record showing the name of individual who accessed the database, the date and time of day of such access, and the purpose of the access; and, (3) to ensure that the record thus created is transmitted to the new storage system.

Sprint's systems personnel also identified all batch processing programs. These programs enable Sprint employees to access and analyze an identifiable set of Sprint's entire customer base by using certain criteria which may or may not come within the definition of CPNI.³ Sprint's systems personnel then calculated the time and cost of modifying all programs

³For example, a Sprint employee may wish to determine the number of Sprint customers residing in a certain zip code.

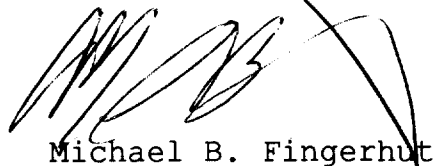
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within the batch process to ensure that a record containing the information required by §69.2009(c) is created each and every time a Sprint employee "opens" a customer record by way of a batch process, i.e., accesses the batch files and that such record is transferred to the new storage system.

Finally, Sprint's systems personnel computed the costs of developing a new storage system for the contact records with required controls, reports and user interfaces. Such costs are included within the totals shown above. As stated, Sprint estimates that the capital costs involved in obtaining ample computer capacity to house these records is \$8 million and perhaps greater.

Sprint hopes that the information provided above is responsive to what the Bureau believes it needs to assess the merits of the requested stay. If the Bureau has any questions about the data or requires more information, please contact the undersigned at 202-828-7438.

Respectfully submitted,



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